

Business Advisory Council Meeting – January 11, 2012 Questions and Answers

Previous Q&A

- Q. What is the impact of the emergency rules to independent grocers of Central Warehousing?
- A. The emergency rules allow individual independent grocers to lease space so they can receive their spirits product they have ordered. Each independent grocer would need to have a specific space separated by a permanent barrier from each other. Each independent grocer must also register the warehouse with the Board.
- Q. What authority does Liquor Control Board (LCB) have to require a permanent barrier, in the initiative it is not a requirement? Is this for LCB auditing needs?
- A. Yes, the barrier is for auditing purposes. The permanent rules will allow co-mingled product if there is a record keeping system in place that would keep track of each licensee's product purchases and transfers of their product.

Previous Q&A

- Q. Can franchisees all buy together and then distribute out to an individual franchisee?
- A. Yes, if all the licensees are under one ownership, they could make one purchase and distribute product to each individual store.

Follow-up Q&A

- Q. Can price be negotiated by franchisor?
- A. Yes, but each franchisee would need to make their own orders.

Additional Q&A

- Q. Who will handle tax evasion and illegal product issues, LCB or Department of Revenue?
- A. Both. DOR would handle the tax issues and the board would handle illegal product issues.
- Q. If there is common ownership among licensees, are they allowed to get quantity discounts?
- A. Yes.
- Q. Can independent retailers aggregate purchases for quantity discounts? Do they need to submit separate orders?
- A. They can negotiate a quantity discount but each independent retailer needs to submit its individual order for product.
- Q. For a Spirits Retail License, what federal permits are required for individual stores?
- A. A federal wholesale permit that allows the holder to purchase spirits at wholesale for resale.

- Q. Has the Board considered taking a position before the legislative that the \$150 million fee is equitable? Has the Board considered changing their interpretation of who pays the \$150 million?
- A. This issue is under review by the Board and we anticipate a decision to be made by February 22nd.